



**Chicago Housing Authority
Board of Commissioners Public Session
Meeting of February 20, 2007**

Daniel Hudson Burnham Apartments, 1930 West Loyola, Chicago, IL

| | Residents Name/Property/ | Question/Comment | Status |
|----|-----------------------------|---|------------------|
| 1. | Hallie Edwards | Increase of flat rent affecting Seniors negatively and re-consideration of policy is requested. | See Attached FAQ |

Martin Nesbitt
Chairperson

Board of Commissioners

Hallie Amey

Earnest Gates

Dr. Mildred Harris

Michael Ivers

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Chief Executive Officer

Adrienne G. Minley
Chief of Staff

Jorge V. Cazares
General Counsel

What type(s) of rent does the CHA offer to residents?

The CHA offers residents the choice between income-based rent and flat rent.

What is income-based rent?

Income-based rent is the greater of 30% of the family's monthly adjusted income or ten percent of the family's gross income.

Income-based rent can never fall below the CHA's minimum rent of \$50 per month. In accordance with HUD regulations, families facing extreme financial hardship may be exempt from the minimum rent payment.

What is flat rent?

Flat rent was established as part of the Quality Housing and Work Responsibility Act (QHWRA) of 1998. HUD requires that public housing authorities establish a flat rent that is based on the market-rate rent for comparable units in the private market. There are several factors that determine flat rent rates including:

- Location
- Quality
- Unit and bedroom size
- Unit type
- Age of unit
- Amenities
- Housing services
- Maintenance
- Utilities provided by the CHA

Flat rent was established to encourage self-sufficiency and to avoid creating disincentives for continued occupancy of families that are self-sufficient or becoming self-sufficient. As these families experienced an increase in their incomes, their income-based rents were exceeding the market-rate rents for their neighborhoods. Thus, flat rent alleviated the rent burden for these self-sufficient families.

When do residents select their rental payment choice?

Residents may choose their rental payment at initial admission and each year during recertification. At any time, a resident may choose to switch from flat rent to income-based rent if their financial situation changes. Flat rent can be chosen only during recertification, however.

What was ceiling rent?

Ceiling rent was the rent that the CHA previously offered that was last adjusted in 1998 and below the current area market rate prices. In October 2002, HUD mandated that all ceiling rents be adjusted to the level of flat rents. Therefore, the CHA no longer offers ceiling rents. The rent choices are income-based rent or flat rent.

Why were ceiling rents removed?

HUD previously approved the ceiling rents offered by the CHA based on the conditions of much of the CHA's housing stock. Through the implementation of the QHWRA, federal regulations required the CHA and the other housing authorities across the nation to bring ceiling rents to the level of market rent or Flat Rent.

Who is affected by the implementation of flat rent?

The introduction of flat rents affects less than two percent of the CHA's public housing population (approximately 73 families). Of those, 38 selected the flat rent option, meaning that their income was high enough to make the flat rent a better option than income-based rent.

Of the CHA's public housing residents, 89% pay income-based rent, ten percent pay the minimum of \$50 and just less than one percent pay flat rent. The majority of the CHA's public housing residents make less than \$20,000 a year, making many of their rent payments less than most ceiling rents.

Other information

In determining a resident's rent payment (total tenant payment or TTP), there are certain categories of income that are excluded from the calculation. In addition, there are a number of deductions taken from the rent calculation, including utility allowances for resident paid utilities.

For a full list of excluded income and deductions, see Section XI of the CHA's FY2005 Admissions and Continued Occupancy Policy.

For more information on CHA rents, call Charles Hillman at 312/913-7222.